

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 00883 200620Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 W
-----200623Z 109106 /20

O 200556Z JAN 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC NIACT IMMEDIATE 4867

C O N F I D E N T I A L TOKYO 0883

EXDIS

E.O. 11652: GDS
TGAS: EGEN, JA
SUBJECT: FUKUDA MESSAGE TO CARTER

REF: TOKYO 0640

SUMMARY: EMBASSY UNDERSTANDS FUKUDA MESSAGE ON WAY TO PRESIDENT ELECT CARTER PORTRAYING JAPANESE BUDGET AS IMPORTANT CONTRIBUTION TO LEADING WORLD OUT OF ECONOMIC DOLDRUMS. FUKUDA CABINET THIS MORNING APPROVED EXPANSIONARY BUDGET PROPOSALS BROADLY ALONG EARLIER EXPECTED LINES, WITH FURTHER INCREASES IN BOTH GOVERNMENT LENDING PROGRAMS AND PUBLIC WORKS EXPENDITURES. END SUMMARY.

2. AN ABSOLUTELY RELIABLE FOREIGN OFFICE SOURCE (PROTECT MOFA FULLY PLEASE) TOLD US THIS MORNING THAT PM FUKUDA WANTS TO SEND A MESSAGE TO PRESIDENT-ELECT CARTER BEFORE THE INAUGURAL ADDRESS. IN IT HE WILL REPORTEDLY CALL ON THE MAJOR ECONOMIC POWERS TO LEAD THE WORLD OUT OF THE ECONOMIC DOLDRUMS AND PORTRAY THE NEW JAPANESE BUDGET AS AN IMPORTANT CONTRIBUTION.

3. THE FUKUDA CABINET AGREED UPON ITS FY 1977 BUDGET PROPOSALS THIS MORNING (JAN 20). THE CABINET PROPOSALS ARE IN MAIN RESPECTS THE SAME AS THE MINISTRY OF FINANCE BUDGET PROPOSALS REPORTED IN SOME DETAIL LAST WEEK IN TOKYO 0640. TO WIT, THEY STILL CALL FOR A 17.4 PERCENT INCREASE IN GENERAL ACCOUNT BUDGET EXPENDITURES,
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TOKYO 00883 200620Z

WHICH IF DEFLATED BY PROJECTED INCREASES IN CONSUMER PRICES, REPRESENTS A PROJECTED REAL INCREASE OF SOME 8-9 PERCENT. THE DEFICIT IN THE GENERAL ACCOUNT BUDGET IS STILL FORECAST TO INCREASE 16.6 PERCENT, FROM FORECAST YEN 7.3 TRILLION (ABOUT \$25 BIL) IN ORIGINAL FY 1976 BUDGET TO YEN 8.5 TRILLION (\$29 BIL) IN FY 1977. THE LATTER REPRESENTS A DEFICIT OF ABOUT 4 1/2 PERCENT OF PROJECTED GNP.

4. REPORTED CHANGES BY THE CABINET THIS MORNING IN MOF PROPOSALS ARE PRINCIPALLY TO INCREASE PROJECTED OUTLAYS IN THE CAPITAL ACCOUNT BUDGET (THE FISCAL LOAN AND INVESTMENT PROGRAM OR FLIP) AND, WITHIN THE GENERAL ACCOUNT BUDGET, TO PROVIDE ADDITIONAL FUNDING FOR PUBLIC WORKS SPENDING. FLIP OUTLAYS ARE NOW PROJECTED TO RISE ABOUT 18.1 PERCENT (TO YEN 12.5 TRILLION OR \$43 BIL, INSTEAD OF THE 12.1 PERCENT IN THE MOF PROPOSALS. PUBLIC WORKS SPENDING, WHICH FUKUDA FAVORS AS MEANS OF STIMULATING THE ECONOMY, IS TO INCREASE 21.4 PERCENT IN THE CABINET PROPOSALS, AS COMPARED WITH 19.1 PERCENT INCREASE IN MOF PROPOSALS. TAX CUTS FOR FY 1977 ARE STILL OF THE MINI-TAX VARIETY, DESIGNED TO OFFSET IMPACT OF INFLATION ON TAXPAYERS, AND WORTH ABOUT YEN 430 BIL (\$1.5 BIL) IN FY 1977. TAX CUTS ARE PARTIALLY OFFSET BY OTHER TAX INCREASES AMOUNTING TO YEN 168 BIL (\$0.6 BIL).

HODGSON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, ECONOMIC RECOVERY, DIPLOMATIC COMMUNICATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 20-Jan-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TOKYO00883
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770021-0087
Format: TEL
From: TOKYO
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770132/aaaabbpl.tel
Line Count: 78
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2e1b61d3-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 77 TOKYO 640
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 14-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3544510
Secure: OPEN
Status: NATIVE
Subject: FUKUDA MESSAGE TO CARTER
TAGS: EGEN, PPDC, EFIN, JA, US, XX, (FUKUDA, TAKEO), (CARTER, JIMMY)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/2e1b61d3-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009